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**Social development, including questions relating to the world social situation and to youth, disabled persons and the family**

# Implementation of the World Programme of Action concerning Disabled Persons: towards a society for all in the twenty-first century

## Report of the Secretary-General**

*Summary*

The present report provides information on the activities of Governments and the United Nations system as well as organizations of persons with disabilities within the scope of resolution 58/132 as part of continuing efforts to implement the World Programme of Action concerning Disabled Persons. It is based on the contributions received from 26 Governments, 14 United Nations agencies or programmes and two non-governmental organizations. The report successively addresses: (a) the international policy framework on disability; (b) progress towards the equalization of opportunities for persons with disabilities; (c) initiatives aimed at promoting a disability perspective in development; and (d) actions to improve accessibility at the United Nations.

* A/60/150.

** Submission of the report was postponed in order to take into account views expressed during the sixth session of the Ad Hoc Committee on a Comprehensive and Integral International Convention on the Protection and Promotion of the Rights and Dignity of Persons with Disabilities, held in New York from 1 to 12 August 2005.

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# I. Introduction

1. The present report responds to General Assembly resolution 58/132, in which the Assembly took note of the report of the Secretary-General on the implementation of the World Programme of Action concerning Disabled Persons. In the same resolution, the Assembly called upon Governments to take all necessary measures to advance beyond the adoption of national plans for persons with disabilities and emphasized the importance of supporting national efforts through international cooperation. It encouraged Governments to continue their support for non-governmental organizations, including organizations of persons with disabilities, and to involve persons with disabilities in the formulation of strategies and plans that pertain to them.

2. In resolution 58/132, the Assembly also encouraged Governments, intergovernmental and non-governmental organizations and the private sector to take concrete measures to mainstream the disability perspective into the development process and also urged relevant organizations and bodies of the United Nations system to incorporate that perspective in their activities. It urged Governments to address the situation of persons with disabilities with respect to all actions taken to implement existing human rights treaties to which they are parties and to provide special protection to those who may experience multiple or aggravating forms of discrimination. It stressed the importance of improving data and statistics on persons with disabilities for the purposes of policy design, planning and evaluation from the disability perspective. It urged the Secretary-General to continue to implement plans to provide a barrier-free environment within the United Nations.

# II. International policy framework on disability

3. It is estimated that there are at least 600 million persons with disabilities worldwide — about 10 per cent of the global population — of whom approximately 80 per cent live in developing countries. As a result of continued discrimination, segregation from society, economic marginalization and lack of participation in social, political and economic decision-making processes, the vast majority of persons with disabilities continue to be left out of development and dispossessed of their basic human rights. By denying people with disabilities a voice and the opportunity to play an active role in society, societies deprive themselves of essential human resources critical for economic and social development, leading to substantial adverse effects on development processes. Unless persons with disabilities are brought into the development mainstream, it will be impossible to cut poverty by half by 2015 as agreed by heads of State and Government at the United Nations Millennium Summit in September 2000.

4. The World Programme of Action concerning Disabled Persons, adopted in December 1982, provided the international community with a comprehensive policy framework to enhance disability prevention, rehabilitation and the realization of the goals of full participation of persons with disabilities in social life and national development, and of equality. The World Programme represented a significant move away from the traditional approach that focused on rehabilitation measures aimed at disabled individuals. It was the first international instrument to attempt to articulate both a developmental and rights-based approach to disability.

5. Drawing on the experience gained during the United Nations Decade of Disabled Persons (1983-1992), the General Assembly adopted the Standard Rules on the Equalization of Opportunities for Persons with Disabilities in December 1993. The Standard Rules comprise 22 rules that address all aspects of life of persons with disabilities and provide for a continuum of interventions that are critical to the equalization of opportunities for all persons with disabilities. The Standard Rules provide for the appointment of a Special Rapporteur to monitor the implementation of the Rules, and to report yearly to the Commission for Social Development. Since their adoption, the Standard Rules have played a significant role in informing the elaboration of national policies and practices on disability throughout the world. It is widely agreed that the application of the principles expressed in the Rules has greatly contributed to the dissemination of best practices on equalization of opportunities for persons with disabilities.

6. In 2001, the General Assembly recognized that, despite the efforts made to increase cooperation, integration and increasing awareness of and sensitivity to disability issues since the adoption of the World Programme of Action and the Standard Rules, they had not been sufficient to promote full and effective participation of and opportunities for persons with disabilities in economic, social, cultural and political life (resolution 56/168). The Assembly therefore decided to establish an Ad Hoc Committee to consider proposals for a comprehensive and integral international convention to promote and protect the rights and dignity of persons with disabilities, based on the holistic approach in the work done in the fields of social development, human rights and non-discrimination and taking into account the recommendations of the Commission on Human Rights and the Commission for Social Development.

## III. Progress towards the equalization of opportunities for persons with disabilities

7. Equalization of opportunities for all is the central theme of both the World Programme of Action and the Standard Rules. The vision conveyed by those instruments stems from the principle of equal rights, whereby the needs of each and every individual are of equal importance and must be made the basis for the planning of public interventions so as to ensure that every individual has equal opportunity for participation. The Standard Rules delineate preconditions and target areas for equal participation, as well as a set of implementation measures. Preconditions for equal participation include awareness-raising, medical care, rehabilitation and support services. Target areas encompass accessibility, education, employment, income maintenance and social protection, family life and personal integrity, culture, recreation, sports and religion. The following section reviews measures that were implemented to further the equalization of opportunities for persons with disabilities in the period since the fourth five-year review and appraisal of the World Programme of Action.

### A. Progress in laws and regulations

8. Several Member States reported on the adoption of non-discrimination legislation and other disability-specific legislation, as well as on modifications of

existing legislation to extend its scope to persons with disabilities. In 2005, section 15 of the Canadian Charter of Rights and Freedom on equality before and under law and equal protection and benefit of law was modified so as to allow affirmative action in favour of, inter alia, persons with physical and/or mental disabilities. Cyprus introduced a legal protection system. Israel established positive discrimination mechanisms. The Netherlands adopted the Act on Equal Treatment of Disabled and Chronically Ill Persons. Sweden adopted a legislative framework that called for a systematic disability perspective in legislation dealing with general issues such as social security or housing.

9. Belarus adopted new legislation in the area of education of children with disabilities. In Germany, legislation came into force that provided incentives for job retention for workers with disabilities, while Japan established quotas for their employment in the public and private sectors. Malta reported that, according to State regulations and laws, at least half of the members of bodies that deal with issues of disability must be persons with disabilities. Malaysia indicated that it was currently drafting a disabled persons act.

10. Australia reported on the inclusion of provisions for the protection of persons with disabilities in its National Action Plan on Human Rights. Brazil established a National Council of the Rights of Persons with Disabilities. Canada funded court challenges programmes to test cases on equality, including those involving persons with disabilities. Croatia created a working group to consider disability issues under its Parliamentary Committee on Human Rights and National Minorities. Mexico adopted the General Law of Persons with Disabilities, establishing that all public policies on disability must be based on equity, justice and equalization of opportunities. In Sweden, the disability dimension was an integral part of the baseline study of the new National Action Plan for Human Rights.

## B. Promotion and awareness of disability issues

### 1. National level

11. Croatia conducted public information programmes. Cyprus held national campaigns and seminars. Israel published a series of guides concerning the rights of persons with disabilities, and added a national website on disability information to the Government's website. The Netherlands established a three-year task force for the promotion of disability issues. In Nicaragua, the National Rehabilitation Council developed a national awareness campaign. The Syrian Arab Republic enacted programmes to increase knowledge about disability, its causes and types, and to foster early detection and to promote the rights of persons with disabilities.

### 2. International level

12. The Department of Public Information of the United Nations Secretariat singled out disability as one of the top 10 underreported stories in its 2004 awareness promotion campaign. The Office of the United Nations High Commissioner for Human Rights has continued to disseminate its study entitled "Human rights and disability: the current use and future potential of United Nations human rights instruments in the context of disability".

## C. Participation of persons with disabilities and their organizations in the formulation of strategies and plans

### 1. National level

13. To ensure the participation of persons with disabilities and their organizations in the formulation of strategies and plans, Algeria has established a National Council for Persons with Disabilities. In Argentina, the National Commission on the Integration of Persons with Disabilities includes representatives from different sectors of Government as well as representatives of organizations of persons with disabilities. In Cyprus, persons with disabilities participate in the Pancyprian Council for Persons with Disabilities, administrative councils and ad hoc committees. In Nicaragua, representatives of organizations of persons with disabilities participate in the planning of poverty reduction activities. In Mexico, they are consulted in the framework of a consultative council. In the Philippines, organizations of persons with disabilities and partner organizations are represented in the different sections of the subcommittees of the Antipoverty Commission. In Romania, representatives of organizations of persons with disabilities participate in the National Council for Disabilities. In Sweden, organizations of persons with disabilities have actively participated in the elaboration of a new national action plan for human rights. The United Republic of Tanzania has initiated actions to ensure the participation of persons with disabilities in the formulation of national disability policies and strategies. Financial assistance has been a main form of governmental support for organizations of persons with disabilities. Canada has an annual support programme for organizations working to implement the World Programme of Action concerning Disabled Persons. Slovakia subsidizes 20 reconditioning and rehabilitation organizations.

14. Some Member States mentioned having held or participated in regional sectoral briefings and consultations in connection with the work of the Ad Hoc Committee on the convention on the rights and dignity of persons with disabilities. Several countries included representatives of organizations of persons with disabilities in their delegations to the Committee. Israel established a national committee composed of representatives of the Government and organizations of persons with disabilities to formulate a joint policy before the sessions of the Ad Hoc Committee. Japan established a parliamentarian league for the promotion of the draft convention. The Netherlands consulted with organizations of persons with disabilities and partner organizations prior to the sessions of the Ad Hoc Committee.

### 2. International level

15. The Secretariat provides support for the activities of organizations of persons with disabilities in their activities through the United Nations Voluntary Fund on Disability. Funding priority is targeted to building the capacity of governmental and non-governmental organizations to take part in the formulation of the convention on the rights and dignity of persons with disability and its future implementation. In this context, the Division for Social Policy and Development of the Department of Economic and Social Affairs organized regional consultative meetings on the draft convention that brought together Government and civil society representatives. It also provided training for leaders in the field of disability and contributed information and training materials on disability issues from a human rights perspective. It provided support for the participation and contribution of persons

with intellectual disabilities and their families in the development of the draft convention. Furthermore, pursuant to General Assembly resolution 57/229, the United Nations Voluntary Fund on Disability provided financial assistance for the participation of 73 representatives of civil society organizations from developing countries in the meetings of the Ad Hoc Committee from January 2004 to August 2005. The Division for the Advancement of Women facilitated the participation of a person with disabilities in the sessions of the Commission on the Status of Women.

16. International organizations of persons with disabilities — such as Disabled Peoples' International, Inclusion International, the World Blind Union and the World Federation of the Deaf — continued to strengthen their worldwide networks of national constituencies through a wide range of activities. Civil society organizations, particularly organizations of persons with disabilities, have been actively contributing to the work of the Ad Hoc Committee. Two non-governmental organizations submitted reports on the implementation of resolution 58/132 during the reporting period. Rehabilitation International reported on production of daily summaries of sessions of the Ad Hoc Committee and the hosting of side events in connection with the sessions, as well as the production of the human rights tool kit for athletes participating in the Paralympics in 2004. The World Network of Users and Survivors of Psychiatry reported on its advocacy activities to combat discrimination against persons with psychosocial disabilities, particularly through the limitation of their legal capacity.

## D. Data and statistics on disability

17. The current paucity of disability data has greatly limited the development of comparative data and statistics on the prevalence of disability globally, as well as on social and economic trends for persons with disabilities. While some data are available on prevention and rehabilitation, there are virtually none on issues related to the equalization of opportunities. When assessing the equalization of opportunities, it is useful to compare both longitudinal data on persons with disabilities and data comparing persons with and without disabilities on key social and economic characteristics at one point in time. In areas where resources are scarce, data on education and employment status of persons with disabilities can serve as proxy data for the equalization of opportunities.

18. Intergovernmental organizations and entities of the United Nations have taken several courses of action in this regard. To continue to build national capacities for national data-collection systems, the Statistics Division will commence in October 2005 systematic and regular collection of disability statistics as part of its activities related to the publication of the United Nations Demographic Yearbook. The Statistics Division has also established a technical subgroup on human functioning and disability to review and update current census recommendations on disability with regard to concepts, definitions and classifications. The Economic and Social Commission for Asia and the Pacific (ESCAP) initiated work on disability-related data, and carried out a workshop for field testing in seven countries. The Office of the United Nations High Commissioner for Refugees (UNHCR) reported on an electronic registration tool that allows for the collection of disaggregated data on refugee populations. The United Nations Children's Fund (UNICEF) attempted to integrate indicators related to child protection in its regular data-collection activities. The World Bank collaborated with UNICEF and the Washington Group

on Disability Statistics. The Inter-American Development Bank developed a project on improving disability data and access to education.

### E. Activities of the Special Rapporteur

19. Following the end of the third mandate of the Special Rapporteur on Disability of the Commission for Social Development (2002-2003), Sheikha Hessa Al-Thani (Qatar) was appointed Special Rapporteur of the Commission for Social Development for the period 2003-2005. Her mandate was extended to 2008 by the Economic and Social Council in 2005. The Special Rapporteur continues to work in cooperation with Governments, civil society organizations and organizations of persons with disabilities, as well as with the panel of experts representing organizations of persons with disabilities.

20. The Special Rapporteur collaborated with the Jordanian House of Representatives to organize the first Arab Parliamentary Symposium on Disability Legislation (Amman, 16 and 17 March 2005), with the participation and the support of the United Nations Department of Economic and Social Affairs, the Regional Office of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Regional Office of the International Labour Organization (ILO). The symposium was organized in line with recent steps taken by Arab countries aimed at improving the situation of persons with disabilities in the region, including the adoption by the Arab League of the Arab Decade for Persons with Disabilities (2004-2013), and the establishment by the Arab Parliamentary Union of a parliamentary committee on disabilities.

21. During the reporting period, the Special Rapporteur visited Egypt, Germany, Guatemala, Lebanon, Mexico, Morocco, Norway and Saudi Arabia. She subsequently presented a report of her activities at the forty-third session of the Commission for Social Development (E/CN.5/2005/5). The General Assembly considered the proposed supplement to the Standard Rules contained in the annex to the report of the Special Rapporteur (E/CN.5/2004/4) at its fifty-ninth session and decided to resume consideration at its sixty-first session. The Special Rapporteur also launched a worldwide survey on the implementation of the Standard Rules. Initial findings of the survey will be described in her report to the forty-fourth session of the Commission for Social Development.

## IV. Promoting a disability perspective in development

### A. Country initiatives for the integration of persons with disabilities in society

22. The World Programme of Action concerning Disabled Persons provides the basis for a disability perspective on development, which focuses on persons with disabilities as agents and beneficiaries of development in the society in which they live. To enable persons with disabilities both to contribute to and benefit from development, disability-sensitive strategies, policies and programmes are needed across the development agenda.

23. Brazil highlighted the relations between disability and poverty in national discussions on the Millennium Development Goals, while the United Republic of Tanzania reported mainstreaming disability in its National Strategy for Growth and Reduction of Poverty. Cyprus adopted the National Action Plan for Social Inclusion. Israel created a ministerial committee to promote the rights of persons with disabilities. Malaysia formed 10 technical working groups to look into needs and issues according to priority areas identified under the Biwako Millennium Framework Towards an Inclusive, Barrier-Free and Rights-Based Society for Persons with Disabilities in Asia and the Pacific. Oman integrated disability into local development approaches, vocational training and social protection. South Africa developed a monitoring and evaluation system with disability indicators.

24. To further the integration of persons with disabilities in society, Bahrain adopted a comprehensive strategy to promote the rights and equal opportunities of persons with disabilities, with special emphasis on the needs of women with disabilities. Croatia took steps towards the deinstitutionalization of persons with disabilities. Cyprus provided vocational training and support. Hungary set up new rehabilitation information centres, and included disability in its national employment strategy. Malaysia gave emphasis to community-based rehabilitation in rural areas. The Russian Federation was promoting a barrier-free environment and changes in disability-related benefits. Slovakia set up three counselling and information centres to address issues of employment of persons with disabilities.

## B. International cooperation

25. At the regional level, the European Commission adopted, in 2004, a guidance note on disability and development, which provided 10 principles for the European Union delegations and services in development activities, including: scale and impact of disability at the country level; diversity of the population of persons with disabilities; human rights model of disability; a twin-track approach, including mainstreaming of disability and disability-specific projects; inclusion of disability in midterm reviews in country programmes, projects it funds and the workforce; accessibility; capacity-building of organizations of persons with disabilities; and communication between organizations of persons with disabilities and Governments and other stakeholders. The Asian Development Bank had a project on expanding employment opportunities for persons with disabilities in poverty in Mongolia. Countries of the Caribbean held the Caribbean Ministerial Conference on Disability in 2004 with the aim of coordinating their regional approach to the Convention process, and to mainstream disability issues in national sectoral plans.

26. Algeria reported on initiatives of training of trainers and specialized personnel on landmines-related activities. The Canadian International Development Agency supports a programme in the Russian Federation to develop and implement public policies on disability inclusion at all levels. Japan is backing a five-year rehabilitation specialist-training project in China. Sweden has provided financial assistance for the development of an office on the status of disabled persons in South Africa. The Swedish International Development Agency has included strengthening of organizations of persons with disabilities on its technical cooperation agenda. Mainstreaming disability has also been addressed within the framework of Nordic development cooperation. The European Union has supported national disability initiatives in several Eastern European countries.

27. The Inter-American Development Bank held a seminar on disability, development and poverty eradication at its headquarters in November 2004. The seminar, which was organized by the Japan Program of the bank, contributed to the exchange of knowledge and expertise between Asia and Latin America and the Caribbean on strategies of inclusive development, mainstreaming disability into poverty reduction, and development projects.

28. The Economic and Social Commission for Western Asia reported that it had implemented the second phase of a joint project with the Department of Economic and Social Affairs, entitled Net Forum for the Blind. The Food and Agriculture Organization of the United Nations (FAO) started pilot initiative projects in several developing countries to assist rural persons with disabilities in becoming successful entrepreneurs. UNESCO disseminated information materials on children with disabilities and education and cooperated with the Special Rapporteur on the Right to Education on the inclusion of children with disabilities in mainstream school systems. ILO initiated a project on the impact of legislation on employment and the training of persons with disabilities. It also carried out activities related to the training and employment of persons with disabilities in East Africa and Asia. UNHCR joined forces with UNICEF and the World Health Organization (WHO) to implement a project aimed at the prevention of diseases leading to disabilities. WHO also carried out six inter-country workshops on strategies for improving rehabilitation services. The World Bank has established a cross-sectoral, internal working group on disability that helps to mainstream disability in all aspects of the Bank's work. The Bank has also provided funding for research on HIV/AIDS and disability. The International Maritime Organization and the International Civil Aviation Organization reported that they had set disability-specific standards in their respective fields. The International Telecommunication Union held two workshops on accessibility.

29. In the context of post-tsunami reconstruction efforts, ESCAP contributed a disability perspective in a multisectoral technical cooperation project about the impact of the tsunami and the quality of life of vulnerable groups in Indonesia, Sri Lanka and Thailand. UNESCO put emphasis on accessibility awareness in the training of teachers and reconstruction of school buildings. The World Bank is developing standards of accessibility for post-tsunami infrastructure rehabilitation.

## V. Actions to improve accessibility at the United Nations

30. The accessibility of the environment, information and communication is essential to attaining the full and effective participation of persons with disabilities, on an equal basis with others, in all aspects of life, including decision-making and policymaking. The Programme of Action strongly urges the United Nations system to make all its facilities totally barrier-free, ensure that communication is fully available to sensory-impaired persons and adopt an affirmative action plan that includes administrative policies and practices to encourage the employment of disabled persons in the entire United Nations system (paragraph 162).

31. To improve the accessibility of information, the Department of Public Information reported that technical guidelines of the Working Group on Internet Matters of the Publications Board encouraged offices to ensure that all new web pages developed conformed to acceptable standards pertaining to access by persons

with disabilities. As to the environmental accessibility of United Nations Headquarters, the Department of Management of the United Nations Secretariat has worked on two parallel approaches: a long-term total implementation through the Capital Master Plan, and a short-term approach that focuses on addressing the immediate needs of the Organization, particularly the removal of physical barriers (pending funding availability). New accessibility plans are currently under consideration at the office of the Economic Commission for Africa and the United Nations Office at Vienna, as well as at the Economic Commission for Latin America and the Caribbean and the International Atomic Energy Agency.

## VI. Recommendations

32. Whereas the World Programme of Action concerning Disabled Persons calls for across-the-board mainstreaming of a disability perspective in the development agenda, the United Nations international and national development frameworks contain no reference to the equalization of opportunities for persons with disabilities. The five-year review of the Millennium Development Goals may therefore provide an opportunity to consider possible ways for the inclusion of a disability perspective in relation to the measures identified for the implementation of the Goals. Several of the Goals — such as those relating to poverty eradication, universal primary education and combating HIV/AIDS — are relevant to furthering the equalization of opportunities for persons with disabilities, since they are the ones most affected by poverty, illiteracy and inadequate health care. The General Assembly may also wish to consider options for mainstreaming disability within the United Nations national development frameworks, such as in the context of the common country assessment and the United Nations Development Assistance Framework.

33. Keeping in mind the ongoing negotiations on a comprehensive and integral international convention to promote and protect the rights and dignity of persons with disabilities, the Assembly may wish to consider options for more effective synergy in monitoring the implementation of the existing two disability-specific international instruments — the World Programme of Action concerning Disabled Persons and the Standard Rules on Equalization of Persons with Disabilities — and the future monitoring of the implementation of the envisaged convention. The ongoing reform of the United Nations and its treaty bodies should be taken into account in this context as well as the request made by the Secretary-General to the General Assembly in his report "In larger freedom: towards development, security and human rights for all" (A/59/2005), "to review all mandates older than five years to see whether the activities concerned are still genuinely needed or whether the resources assigned to them can be reallocated in response to new and emerging challenges".

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**Programme budget for the biennium 2004-2005**

**Report of the Secretary-General on the activities of the Office of Internal Oversight Services**

# Report of the Office of Internal Oversight Services on the utilization and management of funds approved by the General Assembly in its resolutions 58/295 and 59/276 for strengthening the security and safety of United Nations premises

*Summary*

Pursuant to General Assembly resolution 59/276 of 23 December 2004, the Office of Internal Oversight Services (OIOS) reviewed the utilization and management of funds approved by the Assembly in its resolutions 58/295 and 59/276 for strengthening security and safety at United Nations Headquarters in New York and at the United Nations Office at Geneva.

For projects at Headquarters, as at 31 May 2005, the total amount approved by the General Assembly was $41.3 million, of which $35.4 million has already been obligated. The General Assembly has also approved one-time security upgrades at the United Nations Office at Geneva with an estimated cost of $35.1 million. Of this amount, $16.2 million has been spent or pre-encumbered as at 30 April 2005.

In its report of 1 October 2004 (A/59/396), OIOS commented extensively on the status of the implementation of security and safety strengthening projects in both duty stations that were proposed and listed in the report of the Secretary-General of 28 February 2002 (A/56/848). At Headquarters, only two new projects have been added. Thus, the total number of projects at United Nations Headquarters is 18.

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Of the 18 projects at Headquarters, 7 have been fully implemented, 3 were deferred to be incorporated into the capital master plan project and 8 are being implemented with a target completion date of 31 December 2005. Of the eight projects still in progress, one is proceeding satisfactorily, one has been delayed and is now interrupted, as the contract has expired. The six remaining projects were combined into one contract, entitled "security strengthening project at United Nations Headquarters", which is currently being executed by a private contractor.

This set of projects is now at least six months behind schedule, with an additional cost of $2.6 million already incurred. The contractor has submitted a claim for an additional $5.2 million in compensation and has requested an eight-month contract extension to complete the construction work by February 2006. OIOS has made a number of observations and recommendations regarding the inadequacy of guarantees, project management, change orders and contractor performance.

Project implementation at the United Nations Office at Geneva was progressing well, but the initial objectives and time lines established were too ambitious given that the capacity of the Geneva Office was not increased sufficiently to meet the demands of managing such projects. Therefore, at least $6.4 million in appropriations may not be expended by the end of the 2004-2005 biennium.

The Steering Committee that was established to provide strategic guidance in the decision-making process was still not fully effective, nor was its impact measurable. Its value as a project management tool needs to be reassessed. Further, OIOS recommended that a temporary project manager position be created.

The United Nations Office at Geneva has submitted a draft security plan to the Department of Safety and Security detailing security requirements for the Palais des Nations to be compliant with the Headquarters minimum operating security standards. The plan should be approved as soon as possible to confirm the assessment by the United Nations Office at Geneva of the necessary security level and to ensure that accountability is appropriately assigned. On the basis of the approved security plan, a comprehensive security strategy and detailed plan containing target dates and related cost estimates should be developed and used by the United Nations Office at Geneva to monitor project implementation.

For major contracts, OIOS found that the United Nations Office at Geneva had complied with United Nations procurement procedures, except in one case of a potential breach of confidentiality by the consortium of firms responsible for architectural/engineering work and supervision of the security projects, which involved an exchange of information with the company that was awarded the contract. This matter should have been brought to the attention of the Committee on Contracts of the United Nations Office at Geneva. *The United Nations Office at Geneva replied that within the Organization, the case was conducted in a transparent and fair manner and that all contractors would be reminded of the regulations and ethical standards of the United Nations.*

As recommended by OIOS, the United Nations Office at Geneva conducted a survey of architectural and engineering fees payable in Switzerland, which concluded that the fees being paid by the Geneva office, as a percentage of the total construction cost applied at the time the contract was signed in 2002, were reasonable. However, for the latest estimates of construction costs, the rates, as calculated by OIOS, have increased significantly. For one set of projects, the United Nations Office at Geneva is now paying almost SwF 768,000 ($600,000) more than would be expected if the same 2002 fees-to-total-construction-cost rate were applied.

In the view of OIOS, this situation confirms that the contract between the United Nations Office at Geneva and the consortium has not provided the flexibility and resulting economies envisaged by the Office.

The response rate to the invitations to bid issued by the United Nations Office at Geneva was disappointing and, in the opinion of OIOS, did not always provide assurance to management that best value for money was achieved. With the aim of increasing its sourcing, *the United Nations Office at Geneva responded positively to the suggestion of OIOS to align itself to regional practices and publish invitations to bid for higher value construction and related services in national and official journals of the European Union.*

There are no penalty clauses in contracts between the United Nations Office at Geneva and its suppliers, and there is no commitment by the consortium to complete the projects within certain costs and time lines, a commitment that is the norm in Swiss construction agreements. The consortium is not fulfilling its responsibilities in a timely manner, and difficulties are being encountered by the United Nations Office at Geneva in fully controlling the resulting cost-determination decisions. *In response to the audit by OIOS, the United Nations Office at Geneva is including, with effect from 15 August 2005, the standard United Nations clause for liquidated damages in all tendering documents and resulting contracts related to construction, engineering and/or architectural services.*

# I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 59/276 of 23 December 2004, in which the Assembly requested the Secretary-General to entrust the Office of Internal Oversight Services (OIOS) to report on the utilization and management of funds approved by the General Assembly in its resolutions 58/295 and 59/276 for strengthening security and safety at United Nations Headquarters in New York and at the United Nations Office at Geneva. In its resolution 59/276, the Assembly also requested the Secretary-General to report on the implementation of the recommendations of OIOS, as contained in its previous report on the utilization and management of funds appropriated during the biennium 2002-2003 for the security and safety of United Nations premises (A/59/396).

2. For projects at Headquarters, as at 31 May 2005, the total amount approved by the General Assembly was $41.3 million, of which $35.4 million has already been obligated. The Assembly has also approved one-time security upgrades at the United Nations Office at Geneva with an estimated cost of $35.1 million. Of this amount, $16.2 million has been spent or pre-encumbered as at 30 April 2005.

3. The main objective of the audit is to determine whether the resources provided for strengthening security and safety were utilized as intended and managed efficiently and effectively in compliance with established procedures. OIOS also reviewed the implementation status of its previous recommendations and reviewed the current status of projects in comparison with their status at the time of the previous report of OIOS. A draft of the report was shared with the Department of Management and the Department of Safety and Security, which was created on 1 January 2005 through consolidation of various existing safety and security entities at headquarters locations, and with the Division of Administration of the United Nations Office at Geneva.

4. There were 18 security strengthening projects at United Nations Headquarters at the time of the OIOS review. The current report examines the financial and completion status of those projects, currently valued at $35.4 million. The substantive and operational aspects of the projects continued to be managed and administered by various components of the Department of Management, such as the Office for Central Support Services and the capital master plan office.

5. The review at the United Nations Office at Geneva focused on the implementation of projects, including one-time requirements for upgrading physical and security infrastructures, and the acquisition of related equipment and other expenditures totalling $35.1 million during the biennium 2004-2005. OIOS reviewed the major contracts relating to those projects and analysed the reasons for cost overruns and delays in implementation.

# II. Status of project implementation at United Nations Headquarters

6. The status of all security strengthening projects at Headquarters is summarized in table 1.

Table 1
**Status of implementation of Headquarters projects**

| *Project No.* | *Projects identified in A/56/848, annex I* | *Implementation status* | *Financial status* |
|---|---|---|---|
| 1 | Paragraph 40 (a) (i) | The work to improve the fire alarm system was completed. However, other improvements have not begun. | $3,522,000 was obligated of a $3,950,000 allocation, resulting in an unutilized balance of $428,000. |
| 2 | Paragraph 40 (a) (ii) | The project is deferred until the implementation of the capital master plan. | Only $190,000 was obligated of a total allocation of $1.7 million, resulting in an unutilized balance of $1.5 million. |
| 3 | Paragraph 40 (a) (iii) | The project has been deferred to a later date. | $359,000 was obligated out of an allocation of $1 million, resulting in an unutilized balance of $641,000. |
| 4 | Paragraph 40 (a) (iv) | Completed. | The allocation of $150,000 was fully utilized. |
| 5 | Paragraph 40 (a) (v) | Completed. | The allocation of $225,000 was fully utilized. |
| 6 | Paragraph 40 (a) (vi) | The project is deferred until the implementation of the capital master plan. | The allocation of $2.65 million has not been utilized. |
| 7 | Paragraph 40 (b) (i)[a] | The project is being implemented. | The allocation of $4,212,000 is being utilized. |
| 8 | Paragraph 40 (b) (ii)[a] | The project is being implemented. | The allocation of $9,450,000 is being utilized. |
| 9 | Paragraph 40 (b) (iii)[a] | The project is being implemented. | The allocation $6,717,000 is being utilized. |
| 10 | Paragraph 40 (b) (iv) | Complet 1. The implementation of this project is combined with the project in para. 40 (b) (v) below. | Only $410,000 was utilized of an allocation of $1.032 million, resulting in an unutilized balance of $622,000. |
| 11 | Paragraph 40 (b) (v) | Completed. The implementation of this project is combined with the project in para. 40 (b) (iv) above. | The allocation of $600,000 was fully utilized. |
| 12 | Paragraph 40 (b) (vi)[a] | The project is being implemented. | The allocation of $1,728,000 is being utilized. |
| 13 | Paragraph 40 (b) (vii)[a] | The project is being implemented. | The allocation is being utilized. |

| *Project No.* | *Projects identified in A/56/848, annex I* | *Implementation status* | *Financial status* |
|---|---|---|---|
| 14 | Paragraph 40 (b) (viii) | Completed. | Only $47,000 was obligated of an allocation of $90,000; $43,000 was unutilized. |
| 15 | Paragraph 40 (b) (ix)[a] | The project is being implemented. | The allocation of $1,448,000 is being utilized. |
| 16 | Paragraph 40 (b) (x) | Completed. | The allocation of $75,000 has not been fully utilized. |

| *Project No.* | *Additional projects identified in A/58/756* | *Implementation status* | *Financial status* |
|---|---|---|---|
| 17 | Installation of protective film windows. | Completed. | $1.545 million was obligated out of a $2.5 million allocation, resulting in an unutilized balance of $955,000. |
| 18 | Installation of vehicle barriers. | Project recently initiated. | Allocation of $800,000 is to be utilized. |

[a] These six projects are combined into one contract designated as the "security strengthening project at United Nations Headquarters". The construction work is being implemented by the same contractor who executed Project No. 1 (under a separate contract).

7. In summary, of the 18 projects, 7 were completed, 8 are in progress and 3 have been deferred to the capital master plan.

## A. Deferred projects

8. The three deferred projects were discussed in paragraphs 20 and 21 of the previous report of OIOS to the General Assembly. OIOS recommended that the Office of Central Support Services, in accordance with financial regulation 5.3, surrender $4.8 million in unspent 2002-2003 appropriations relating to projects deferred to the capital master plan. Alternatively, the Secretariat should proportionately reduce the additional funds for security to be sought for the current biennium. That recommendation was accepted. However, the OIOS review disclosed that (a) the deferred status of the projects remained the same and (b) the Office of Central Support Services and the Department of Safety and Security had not yet implemented the OIOS recommendation. In this regard, it should be noted that a number of other OIOS recommendations made in its previous report have not been fully implemented.

## B. Completed projects

9. Seven projects have been fully completed and no additional work is required. However, OIOS noted that there were some unused balances totalling almost $1.7 million in four completed projects, as shown in items 10, 14, 16 and 17 of table 1.

10. The Office of Central Support Services advised that it intended to utilize the unused balance of $955,000 relating to project 17 to defray the costs of the unanticipated asbestos abatement in the 26-zone security distribution frames and the installation of a wireless emergency guided tour locator system and duress alarm. However, since that proposal was not originally included in the list of approved projects or in related and subsequent work, OIOS believes that any unused obligation should be cancelled in accordance with financial regulation 5.4. However, should the Department of Management wish to reuse the unused obligation, the Secretary-General should make a justified request for approval by the General Assembly (recommendation 1). *The Department of Management advised that funds earmarked for projects deferred to the capital master plan had not been obligated and are kept in CFS multi-year accounts following the transfer of funds from the regular budget to the construction-in-progress account. The Secretariat does not intend to use the funds unless its proposal for an alternative use of the funds, as proposed in the context of the report of the Department of Safety and Security, is approved by the General Assembly.*

## C. New project

11. One new project regarding the acquisition of portable vehicle barriers was initiated in December 2004 with the issuance of a requisition in the amount of $174,000. The procurement exercise for those items is under way, and the project is expected to be completed by December 2005.

## D. Projects in progress

### 1. Improvements to fire alarms and fans (A/56/848, annex I, para. 40 (a) (i))

12. The contract for this project was signed in March 2003, with two amendments signed in July/August 2003 and July/August 2004. The contract amount was not to exceed $6,760,973. However, the purchase order was only issued in August 2004 in the amount of $3 million.

13. OIOS found that the work on the improvements to fire alarms and warden stations had been completed by the end of 2004, and $1,694,157 was disbursed to the contractor. However, as at the date of the OIOS audit, the work on the improvements of the fan systems had not started. Discussions were still ongoing among the Procurement Service, the Department of Safety and Security and the contractor concerning modalities and approaches to use in starting this phase and the contractual obligations involved.

14. The project encountered severe delays from the outset. Those delays involved the late completion of system design and specifications, failure by the contractor to submit a comprehensive work schedule, the lack of strict monitoring of such

schedules by the Organization and the lack of specific expertise of the contractor and its reliance on subcontractors. Further, with regard to contractual obligations, the OIOS review disclosed that the contractor had failed to furnish bonds to the United Nations for performance, labour or materials, as required by the contract. Also, there was no indication that the Procurement Service had urged the contractor to comply diligently with this provision of the contract. *The Department of Management noted that some delays might be attributable to internal changes to the scope of work and that the capital master plan office was conducting a detailed schedule audit of the project to ascertain the validity of the contractor's various claims. Once this comprehensive exercise has been completed, the capital master plan office and the Procurement Service will be able to address claims for delays by the contractor and enforce damages incurred by the United Nations.*

### 2. Security strengthening projects at United Nations Headquarters

15. As indicated earlier, the six security strengthening projects were combined and designated as the "security strengthening project at United Nations Headquarters". The capital master plan office is responsible for this project. Construction work is being carried out by a contractor who is also responsible for other security and safety projects at Headquarters. The contract, which was signed in April 2004, is 14 months in duration with a completion date of 13 June 2005. The total amount obligated for this set of projects, including six amendments, is $24,149,050. Of this amount, $11,901,405 (or 49.3 per cent) had already been disbursed to the contractor as at 1 June 2005.

16. OIOS reported on this contract in paragraphs 22 to 29 of its prior report, in which it noted that the construction manager and contract administrator had not been in place during the design phase of the security strengthening project to undertake a quality assurance review of the construction documents concerning the scope report, cost estimates, specifications and drawings and value engineering review. In the view of OIOS, there was a risk that the construction documents might contain inaccuracies, inconsistencies or inefficiencies, which in turn could create delays and cost overruns for the project. *The Department of Management recognized this risk and emphasized that in January 2005, when the new project team performed a "state of the project" review, it clearly saw those issues and took immediate steps to correct them.*

17. As at June 2005, the construction work of the security strengthening project at Headquarters was at least six months behind schedule, with additional costs of $2,560,860 million already incurred. According to the information provided by the capital master plan office, on 8 June 2005, the contractor submitted a claim for additional compensation and requested an extension of the contract by eight months to complete the construction work. The revised schedule of work submitted by the contractor shows that the construction work would be completed by February 2006. *According to the Department of Management, the additional costs of $2.5 million were for change orders, which fall within the construction contingency allocated for the security strengthening projects, and the contractor has indeed submitted a claim for additional compensation, which is significantly inaccurate. The security strengthening projects team, in agreement with the contractor, has engaged the construction management firm to perform a detailed evaluation and show the correct situation. The team has documented numerous times to the contractor that it was not correctly performing the scheduling and change order process in*

*accordance with the contract and the current project management plan, resulting in a significant project delay.*

18. In the view of OIOS, the contractor's claim is premature because the contract work is only about 52 per cent complete. According to good business and industry practice, claims of this type are filed only when the work has been substantially completed (95 per cent), with only minor work yet to be done. OIOS found that the contractor had not complied with the terms and conditions of the contract pertaining to "general obligations of the contractor" and "claims". OIOS believes that in accordance with the terms of the contract, work was to have been completed on 13 June 2005. Therefore, as from that date, the contractor is in default of the contract and the capital master plan office and the Procurement Service should enforce the default clause of the contract in its entirety, particularly in respect to "general obligations of the contractor" and "claims". *The Department of Management advised that the security strengthening projects team agreed with the statements of OIOS with regard to industry standards; however, at the request of the capital master plan office and the Procurement Service, the matter of enforcing the default clause and assessing liquidated damages against the contractor is currently being reviewed by the Office of Legal Affairs.*

19. OIOS is recommending that strong action be taken against the contractor in accordance with the "general obligations of the contractor" clauses of the contract until the project is finally completed (recommendations 2 and 4).

## E. Inadequate guarantees

20. OIOS also stated in its prior report that the guarantees provided by the contractor for the performance of the security strengthening construction contract were not adequate. The Organization accepted a letter of credit in lieu of a performance bond and the retainage of funds from the contractor. Retainage constitutes a certain percentage of the certified amount of each monthly payment and serves as a control measure that the United Nations can use to ensure proper performance of the contract; it also provides a recourse if the contractor defaults and the remaining balance of the contract money is not sufficient to complete the remaining work or if the contractor fails to complete all the work and/or to satisfy any assessed liquidated damages.

21. In the absence of retainage, and given that the security strengthening project is behind schedule, OIOS believes that the delays attributable to the contractor could result in the assessment of liquidated damages by the Organization against the contractor. OIOS had suggested to the capital master plan office that it begin withholding at least 10 per cent or more of the contractor's approved invoice, starting with its 14 June 2005 invoice, as leverage for liquidated damages and other instances of non-compliance with the terms and conditions of the contract. The money withheld would be released to the contractor after a close-out audit of the project.

## F. State of project management

22. OIOS continued to provide oversight of the security strengthening project and issued several observations concerning the following areas: the pre-construction

conference; the first five contractor invoices submitted for payment; the change order (amendment) process; the contractor's compliance with contract terms and conditions; periodic project progress reports; recording the contract value in the United Nations accounting system; and change orders (amendments) issued for work not related to the ongoing security strengthening project construction work. The capital master plan office accepted all the recommendations of OIOS and has implemented most of them. Those issues are discussed below.

### 1. Pre-construction conferences

23. Pre-construction conferences are held with the contractor and key project management personnel to substantially address key terms and conditions in the contract documents before the contractor starts work to ensure effective management of the construction work and related issues. OIOS observed that the pre-construction conference for the security strengthening project held by the capital master plan office did not address the key terms and conditions in the contract documents, such as functions and authority of personnel; contract phasing/scheduling; insurance; regularly scheduled progress meetings; submittals/shop drawings; correspondence; request for information; field instructions; payment requisition; progress schedule; safety and job site security; change order procedures; subcontractors' attendance and coordination; dispute resolution; quality control; and access and use of the site. The key terms and conditions identified should have been addressed before the contractor started the security strengthening construction work. The capital master plan office should ensure that pre-construction conferences for future construction contracts address the key terms and conditions in the contract documents before the contractor starts work.

### 2. Contractor's invoices

24. OIOS reviewed the contractor's invoices submitted for payment and observed that the review process of the capital master plan office was not adequate. In an observation, OIOS recommended that the office ensure that the contractor indicates the percentage of completion of each line item for which payment is requested and that the major categories for each line item are subtotalled. In addition, the construction manager should review the invoice to check all arithmetical calculations, ensure that all necessary supporting documentation has been provided and is accurate and complete and that all contract provisions pertaining to progress payments have been satisfied before recommending them for payment.

### 3. Change order process

25. OIOS observed that the change order process was not adequate and that the documentation did not contain sufficient information, such as notice of direction, justification for the change, type of change order (i.e., errors, omissions, field conditions, owner's change), change order cost (addition/deduction) and time to complete change order work (addition/deduction), that would allow the capital master plan office to conduct an effective in-depth assessment of changes and related costs.

26. In the view of OIOS, documentation and communication are among the most important components of good project management, and complete documentation is

critical for stakeholder support throughout the project life cycle regarding operational and legal issues, in the event of litigation.

### 4. Contractor's compliance with the terms and conditions of the contract

27. OIOS reviewed the management of construction work and contractor compliance with contract requirements at the early stage of the contract. The Organization engaged a construction administrator and a construction manager to assist with the administration of the contract and the day-to-day management of the work. OIOS observed that the contractor did not respond in a timely manner to the construction manager's directives in all matters related to the prosecution of the work. For example, the initial project schedule that was supposed to be submitted within 15 days of the effective contract date was submitted 90 days late, and the contractor was late in submitting the required contract cost breakdown, monthly progress report, shop drawing and other submissions. OIOS also observed that the Organization's request for proposals and contract documents did not contain penalty clauses in the event that contractors failed to comply with the terms and conditions of the contract.

28. In this regard, OIOS recommended in an observation that the capital master plan office, in coordination with the Office of Legal Affairs and the Procurement Service, consider including penalty clauses in United Nations construction contract documents to help ensure that contractors comply with the terms and conditions of the contract. *The Department of Management noted that the Procurement Service, in consultation with the Office of Legal Affairs, would review and incorporate such provisions into its construction contracts, where applicable and appropriate.*

29. OIOS also recommended that the capital master plan office evaluate the contractor when the work reaches a reasonable rate of completion. Performing evaluations of the contractor's performance at an early stage of the construction work will assist the office in controlling and mitigating contractor deficiencies and prevent possible unnecessary cost overruns and delays.

### 5. Periodic progress reports

30. OIOS reviewed various types of project progress reports, including monthly progress reports prepared by the construction manager, construction progress reports prepared by the contractor and biweekly construction activity reports prepared by the capital master plan office, which were prepared independently of each other. The purpose of the OIOS review was to ascertain whether the three different types of progress reports were in agreement with regard to information on real progress of the construction for the same period and whether they could complement each other. The OIOS review disclosed that the reports differed markedly and that the information recorded on the progress of construction in the reports was not coherent in terms of the reporting period. In the view of OIOS, the reports should accurately depict the activities as they occurred during the execution of the work and should complement each other.

### 6. Recording the contract value in the United Nations accounting system

31. Purchase order No. PS-9091 divides the lump-sum amount of the contract value of $21,579,512 into seven line items with the same expenditure code, which was also recorded in the Integrated Management Information System (IMIS). OIOS

believes that breaking the amount of the lump-sum contract value purchase order into seven line items with the same expenditure code gives the impression that the contractor is overpaid if the contractor's invoiced amount for one of the line items exceeds the obligated amount. Dividing the lump-sum amount into seven line items was intended to accommodate the Accounts Division requirement for monitoring the amount spent on each line item. OIOS advised the capital master plan office that this was a lump-sum contract and that in such a contract the contractor's schedule of values represents how the contractor wishes to be paid as the job progresses and that the contractor may submit a revised schedule of values to reflect any adjustment to each line item. OIOS suggested that the purchase order be amended to either de-encumber the seven line items or attribute different object codes to each line item to facilitate monitoring by the capital master plan office. *The Department of Management indicated that the capital master plan office agreed with the suggestion of OIOS and was taking steps to close the existing purchase order and issue a new one with one lump-sum amount for the remaining value of the contract.*

# III. Status of projects at the United Nations Office at Geneva

## A. Appropriations and expenditures for strengthening security and safety

32. The security concept of the United Nations Office at Geneva, initiated in 1999-2000 with an appropriation of $2.44 million, has been progressively expanded to include new security requirements following 11 September 2001 and the August 2003 bombing in Baghdad. At the time of the audit, total appropriations for implementing security strengthening projects at the United Nations Office at Geneva (the initial 2000-2001 appropriation is not included as it was already implemented) amounted to $41 million.

33. The OIOS audit focused on the $35.1 million in funds available for the 2004-2005 biennium. This was a combination of funds appropriated for the 2002-2003 biennium by the General Assembly in its resolution 56/286 and not expended by the end of the biennium — $9.6 million in available funds, including $5.8 million in unliquidated obligations — and funds appropriated for the 2004-2005 biennium totalling $22.8 million (recosted to $25.5 million) by the Assembly in its resolutions 58/271, 58/295 and 59/276.

34. Table 2 shows the total amounts appropriated under the CFS special account for strengthening security projects and utilized as at 30 April 2005.

Table 2

**Appropriations, disbursements and commitments for security projects at the United Nations Office at Geneva under the CFS special account as at 30 April 2005**

(In thousands of United States dollars)

| *Biennium* | *Resolution* | *Total allotment* | *Recosted allotment* | *Expenditure* | | | *Pre-encumbrance* | *Expenditure + Pre-encumbrance* |
|---|---|---|---|---|---|---|---|---|
| | | | | *Obligations* | *Disbursements* | *Total* | | |
| 2002-2003 | 56/286 | 14 595.2 | 15 475.4 | 5 852.7 | 66.2 | 5 918.9 | 0.0 | 5 918.9 |
| | Balance 2002-2003 | 9 556.5 | 9 556.5 | | | | | |
| 2004-2005 | 58/271 | 4 764.4 | 6 083.4 | 5 334.2 | 1 903.5 | 7 237.7 | 8 938.9 | 16 176.6 |
| | 58/295 | 16 321.0 | 17 638.5 | | | | | |
| | 59/276 | 1 718.2 | 1 846.7 | | | | | |
| Total 2004-2005 as at 30 April 2005 | | | 35 125.1 | 5 334.2 | 1 903.5 | 7 237.7 | 8 938.9 | 16 176.6 |

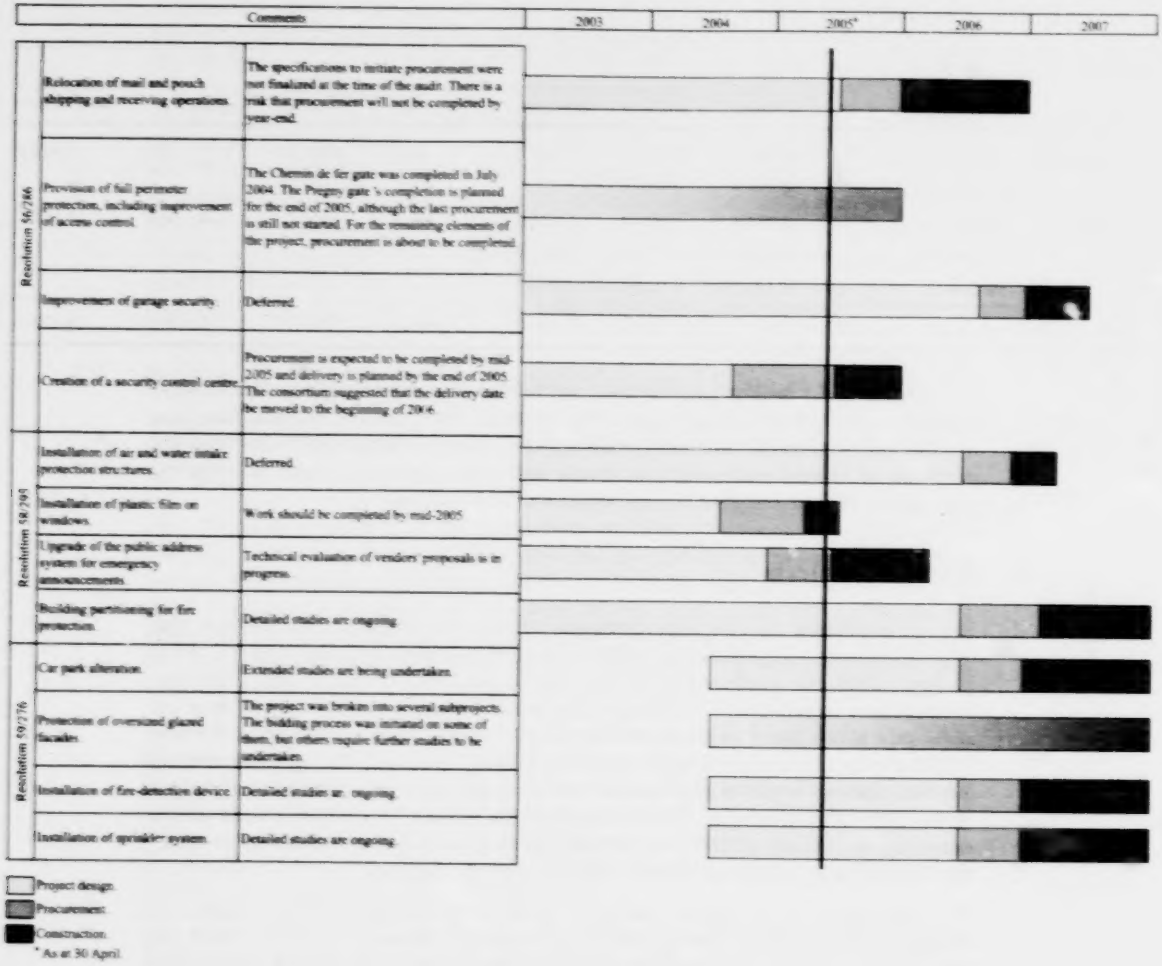
35. Of the $35.1 million appropriated, the funds spent and committed to date were utilized mainly for the Pregny gate ($6.6 million), the purchase of equipment and installation of a public address system ($3.8 million), construction work and the purchase of related equipment for fences and other gates ($3.3 million) and the installation of blast-resistant film on windows ($0.8 million).

## B. Status of projects

36. In analysing the physical progress of all the projects, OIOS noted that implementation was progressing well but more slowly than initially expected. As at 30 April 2005, the implementation rate was 21 per cent, or 46 per cent if the pre-encumbrance is included. In retrospect, the initial objectives and timelines were too ambitious given the staffing resources of the United Nations Office at Geneva available for implementation. It appears unlikely that with the present rate of implementation the funds appropriated can be fully spent or committed by the end of the 2004-2005 biennium. OIOS estimated that at least $6.4 million would not be expended by the end of 2005, representing the costs associated with the projects that the United Nations Office at Geneva identified as non-priority.

37. The status of the projects as at 30 April 2005 and the updated deadlines as reported by the United Nations Office at Geneva is shown in table 3. OIOS has assessed the validity of those targets, and its comments are included in the table below.

Table 3
**Status of projects as at 30 April 2005**


Comments
2003
2004
2005*
2006
2007
Resolution 56/286
Relocation of mail and pouch shipping and receiving operations
The specifications to initiate procurement were not finalized at the time of the audit. There is a risk that procurement will not be completed by year-end.
Provision of full perimeter protection, including improvement of access control
The Chemin de fer gate was completed in July 2004. The Pregny gate 's completion is planned for the end of 2005, although the last procurement is still not started. For the remaining elements of the project, procurement is about to be completed.
Improvement of garage security
Deferred.
Creation of a security control centre
Procurement is expected to be completed by mid-2005 and delivery is planned by the end of 2005. The consortium suggested that the delivery date be moved to the beginning of 2006.
Resolution 58/295
Installation of air and water intake protection structures
Deferred.
Installation of plastic film on windows
Work should be completed by mid-2005.
Upgrade of the public address system for emergency announcements
Technical evaluation of vendors' proposals is in progress.
Building partitioning for fire protection
Detailed studies are ongoing.
Resolution 59/276
Car park alteration
Extended studies are being undertaken.
Protection of oversized glazed facades
The project was broken into several subprojects. The bidding process was initiated on some of them, but others require further studies to be undertaken.
Installation of fire-detection device
Detailed studies are ongoing.
Installation of sprinkler system
Detailed studies are ongoing.
Project design
Procurement
Construction
* As at 30 April

## C. Management of security strengthening projects

### 1. Project management and monitoring

38. A steering committee was established in June 2002 to provide strategic guidance in the decision-making process. However, in the view of OIOS, the committee has not been fully effective. In its previous report, OIOS recommended that the committee be revitalized to be more effective in its responsibilities of overseeing security projects. Although efforts have been made and the committee meets more regularly, OIOS found that it was a platform for information-sharing rather than fulfilling its main objective of providing strategic direction and guidance. In the opinion of OIOS, the effectiveness of the steering committee, and its added value with its present composition and capacity, should be assessed.

39. Considering the size and complexity of the security projects, OIOS recommended in its previous report the appointment of a project manager to provide day-to-day management and coordination of the projects and to supervise the consortium engaged to carry out significant sections of the work. The establishment of the post of project coordinator at the P-4 level was approved by the General Assembly in its resolution 59/276. As of June 2005, the position was still unfilled. It should be noted that in its discussions with the United Nations Office at Geneva, OIOS had suggested that the P-5 level would be the most appropriate for the coordinator position. As the incumbent's main duties would involve collaboration and communication with various stakeholders who are service/section chiefs at the D-1 and P-5 levels, OIOS doubts whether an incumbent at the P-4 level, reporting directly to the Chief of the Central Services Section, who has assumed the responsibility of project manager, would have the structural independence and necessary experience to carry out effective project management. *The United Nations Office at Geneva indicated that the work was being performed to the best ability of the project team and the current interim coordinator.*

40. As stated above, the objectives of the security projects and the time lines established for full implementation proved to be too ambitious when compared to the available staffing resources. The capacity and resources of the United Nations Office at Geneva for the implementation of the project were not increased in proportion to the needs for strengthening security and safety projects at Geneva sites. OIOS supports the decision of the United Nations Office at Geneva to prioritize the projects and to focus on a number of activities commensurate with its capacity. This approach has enabled the United Nations Office at Geneva to achieve significant progress in implementation. The inevitable impact of prioritizing, however, is that some projects have had to be deferred. It appears unlikely that the funds appropriated, representing $6.4 million, will be expended during the 2004-2005 biennium or that all of the time lines set for the completion of even the high-priority projects will be achieved.

41. In response to the suggestion of OIOS to facilitate the financial control and monitoring of project costs against budgets, the United Nations Office at Geneva has created project codes in IMIS and reconciled the expenditure already incurred on the CFS fund against the security projects. The installation of this functionality has already resulted in increased transparency and control over the projects. OIOS commends the United Nations Office at Geneva for the efforts invested in the reconciliation exercise. Nonetheless, further efforts are required to assign some of

the reconciled expenditures to the appropriate project code to ensure that the financial monitoring of projects is fully effective. *The United Nations Office at Geneva indicated that since the reversal of those obligations, which had been recorded prior to the creation of the projects, would have involved significant administrative work, the disbursements for those projects would be reversed via a journal voucher at the end of 2005, once all obligations had been liquidated.*

42. The consortium submitted for the approval of the United Nations Office at Geneva a project document (*devis général*) that translates the security concept and technical specifications into a financial estimate. The approved *devis général* (approved estimate) is a key document that should be used by the United Nations Office at Geneva for managing project costs. However, it was not being used effectively. For example, regarding procurement cases for the Pregny gate from July 2004 to June 2005, purchase orders and contracts exceeded the approved estimates by $643,000, or 11 per cent. This was not brought to the attention of the steering committee, and it was not clear on whose authority expenditures over and above the approved estimates were incurred. In the opinion of OIOS, there was a lack of guidance and control over actual costs, which are of critical importance for managing those funds.

### 2. United Nations Office at Geneva security plan

43. OIOS is pleased to note that following its recommendation, the Security and Safety Section has revised and updated the security plan. The draft plan details the security requirements for the Palais des Nations to be compliant with the Headquarters minimum operating security standards. The draft has been submitted to the Department of Safety and Security for approval. The plan and the security options outlined therein should be expeditiously approved to confirm the assessment of the United Nations Office at Geneva of the security level necessary and to ensure that accountability is appropriately assigned (recommendation 6).

44. OIOS appreciates the work done by the Security and Safety Section. Nonetheless, there is still a need for an all-encompassing security plan, involving input not only from the Section, but from all the stakeholders of the security strengthening projects. OIOS recommends that a comprehensive security strategy and plan be developed, including fundamental information for all projects for compliance with the Headquarters minimum operating security standards. This should include target dates for project completion and related cost estimates. Such a document is key for effective project management and should be used to monitor the progress of project implementation against the standards and benchmarks set (recommendation 7).

### 3. Procurement and contract management

45. For the major contracts reviewed, OIOS assessed that the United Nations Office at Geneva had complied with United Nations procurement procedures. Despite the worthy efforts of the United Nations Office at Geneva to widen its database and invite a significant number of vendors to bid, the response rate did not always yield good results. In some cases there was no real competition, whereby offers received could be compared and benchmarked to provide management with assurance that best value for money was achieved. Moreover, most of the companies that expressed an interest and were awarded contracts were based in Switzerland.

With the aim of increasing its sourcing and reaching a wider market, the United Nations Office at Geneva responded positively to the suggestion of OIOS to align itself with regional practices and publish invitations to bid for higher value construction and related services in national and European Union official journals. Preliminary contacts with the European Union proved to be positive, and the European Commission made an offer to the United Nations Office at Geneva to broadcast its invitations to bid free of charge in 11 languages. *The United Nations Office at Geneva also confirmed that it would continue its efforts to broaden the invitee listing and that it planned to conduct a mailing to suppliers encouraging them to visit the website of the United Nations Office at Geneva for expressions of interest.*

46. OIOS noted one case in which the consortium, having been delegated the responsibility for evaluating the technical offers, had exchanged information directly with one company, whereas all other communications with prospective suppliers had been made through the United Nations Office at Geneva. The company was later awarded the contract, as it had submitted the lowest offer. While it is not clear what information was exchanged by the consortium and the supplier, a breach of confidentiality by the consortium cannot be excluded. In the opinion of OIOS, the final offer received after this exchange should not have been considered in the evaluation process, or at least, it should have been disclosed to the Committee on Contracts to ensure that an informed decision was made. OIOS welcomes the initiative of the United Nations Office at Geneva not to provide the names of the companies to the consortium to ensure the anonymity of suppliers during the evaluation and contract award process. *The United Nations Office at Geneva explained that clarifications had been requested from all bidders and that within the Organization, the case had been conducted in a transparent and fair manner. The United Nations Office at Geneva also mentioned that all contractors would be reminded of their obligation to adhere to the regulations and the ethical standards of the United Nations.*

47. OIOS previously reported that in consideration of the vast increase in the scope and nature of the work assigned to the consortium, from SWF 13.7 million to SWF 42.5 million ($10.7 million to $33.2 million),[1] and the significant increase in fees from SWF 1.12 million to SWF 5.9 million ($0.9 million to $4.6 million), it would have been prudent to conduct a market survey to ensure that the fees payable were still competitive. Following the recommendation of OIOS, the United Nations Office at Geneva conducted a survey of architectural and engineering fees paid in Switzerland, which concluded that the fees being paid by the United Nations Office at Geneva, as a percentage of total construction cost applied at the time of signing the contract in 2002, were reasonable. However, for the latest estimates of construction costs, the rates as calculated by OIOS have increased significantly. For example, for the provision of full perimeter protection, including access control to three Palais des Nations gates, the United Nations Office at Geneva is now paying almost SWF 768,000 ($600,000) more than would be expected if the same 2002 fees-to-total-construction-cost rate were applied, even though the hourly rate has not increased. OIOS views this as a confirmation that the contract between the United Nations Office at Geneva and the consortium has not provided the flexibility envisaged. *The United Nations Office at Geneva believes that the contract has*

[1] All amounts in Swiss francs in the report have been converted to United States dollars, using the United Nations exchange rate of 1.28, effective 15 June 2005.

*achieved economies, such as the cost of supervision work done internally.* OIOS noted that the amounts payable never differed from the maximum possible level of fees set out in the contract, contrary to the initial expectations of the United Nations Office at Geneva.

48. The maximum fee payable to the consortium, as approved by the United Nations Office at Geneva Committee on Contracts, was SWF 5.9 million ($4.6 million). At the time of the audit, an amendment to the contract was being prepared summarizing the changes and providing for a reduction of fees of SWF 140,000 ($109,000) to SWF 5.8 million ($4.5 million). The apparent decrease is not a result of any economies but of a reduction in the number of subprojects under their responsibility (from 18 to 7 subprojects). Many of the subprojects (with initial fees of SWF 2.8 million, or $2.2 million) have been abandoned or assigned to other suppliers. OIOS appreciates that the remaining security projects for which the consortium is responsible have changed significantly and have considerably expanded, warranting higher fees. Still, in real terms, the consortium fees have exceeded the amount approved by the Committee on Contracts. If the fees for the subproject, "door 30", which is going to be assigned to a general contractor, are deducted from the ceiling payable to the consortium, the overall fees for the cost of planning and supervision of work, although not with the same company, will exceed the Committee's approval. This needs to be brought to the Committee's attention, and approval should be sought for the higher overall costs now envisaged. *The United Nations Office at Geneva noted that the decision to use a general contractor for door 30 would result in a partial reduction of related fees budgeted for the consortium. Once the tender process for door 30 was completed, the Committee on Contracts would be advised of the changes and the impact on the contract with the consortium* (recommendation 8).

49. There are no penalty clauses in contracts between the United Nations Office at Geneva and its suppliers, not a commitment by the consortium to complete the projects within certain costs and time lines, a commitment that is the norm in Swiss construction agreements. This commitment generally should not exceed 10 per cent of the initial quote, but the actual trend in Switzerland is to negotiate this rate downwards to 5 per cent or less. In the absence of such a clause, the consortium has no incentive to ensure economies. This was illustrated by one instance in which the consortium initiated enhancements well above the requirements of the United Nations Office at Geneva, which led to vendors' proposals exceeding the approved estimates by SWF 400,000 ($312,500). Fortunately, this was identified by the United Nations Office at Geneva, and appropriate action was taken prior to any commitment being entered into. OIOS recommends that for future contracts, the United Nations Office at Geneva include a penalty for default or non-performance to strengthen control over the timely execution of contracts. *In response to the OIOS audit, the United Nations Office at Geneva is including, effective 15 August 2005, the standard United Nations clause for liquidated damages in all tendering documents and resulting contracts related to construction, engineering and/or architectural services.*

50. The United Nations Office at Geneva is encountering difficulties in ensuring that the consortium is fulfilling its responsibilities. There are delays in submitting implementation schedules and specifications and in coordinating with the companies on site. As a consequence, additional costs are expected, owing to prolonged project implementation. OIOS appreciates the efforts made by the United Nations Office at

Geneva to gain control over implementation and ensure economies with regard to the security projects, but it appears that the manner in which the initial contract with the consortium was drafted does not allow the United Nations Office at Geneva to fully control cost-determining decisions. OIOS encourages the United Nations Office at Geneva to more vigilantly monitor activities to ensure that time lines are met.

# IV. Recommendations[2]

**Recommendation 1**

51. Consistent with recommendation 3 contained in the previous report of OIOS, the Department of Safety and Security should cancel any unused obligation in accordance with financial regulation 5. If the Secretary-General wishes to reuse those funds for another purpose, a justified submission should be made to the General Assembly requesting authorization to use the funds (AC2005/514/05/02).

52. *The Department of Safety and Security referred to the report of the Secretary-General to the sixtieth session of the General Assembly on a strengthened and unified security management system for the United Nations, which addresses the issues referred to in this recommendation.* OIOS will continue to monitor the implementation of this recommendation.

**Recommendation 2**

53. The Department of Safety and Security should immediately undertake a review of the performance of the contractor responsible for executing the security strengthening contract at United Nations Headquarters with a view to determining the level of compliance with contractual clauses and work schedules. If the results of the review are unsatisfactory, the contract should be terminated in accordance with the provisions of article 9 of the contract (AC2005/514/05/03).

**Recommendation 3**

54. The Department of Safety and Security should take full ownership of all security strengthening projects immediately after the transitional period is completed. This would allow the Department to manage and oversee the projects with a fresh perspective and in the context of the Organization's global safety and security policies, which the Department manages (AC2005/514/05/04).

55. *The Department of Safety and Security stated that with regard to recommendations 2 and 3, it understood that the role of the Department was to provide safety and security related technical support and advice on the projects referred to in those recommendations. However, the implementation of the projects has always been handled by the capital master plan office and should remain within the area of responsibility of that office, which is currently overseeing the implementation process.*

[2] The symbols in parentheses in this section refer to an internal code used by OIOS for recording recommendations.

**Recommendation 4**

56. The Procurement Service of the Office of Central Support Services should forcefully exercise its authority and responsibility vis-à-vis the contractor responsible for executing the Headquarters security strengthening project to ensure strict compliance with contract clauses (AC2005/514/05/05).

57. *The Department of Management indicated that once all delays that were the direct responsibility of the contractor had been clearly identified and the advice of the Office of Legal Affairs had been received, the Procurement Service would then be able to enforce the appropriate remedies available to it under the contract.*

**Recommendation 5**

58. The Division of Administration of the United Nations Office at Geneva should issue clear guidance on whose authority accepted or approved cost estimates can be exceeded and what margin of variance is reasonable. Once so determined, the United Nations Office at Geneva should ensure that the total costs of projects and significant variances are approved to ensure more effective financial monitoring and control of security projects (AE2005/311/01/01).

59. *The United Nations Office at Geneva accepted this recommendation and stated that related guidance would be issued by the end of the summer.*

**Recommendation 6**

60. The Department of Safety and Security should, within a reasonable time frame, review and approve the security plan of the United Nations Office at Geneva and the security options outlined therein to confirm the latter's assessment of the security level necessary and to ensure that accountability is appropriately assigned (AE2005/311/01/02).

61. *The Department of Safety and Security indicated that the Division of Headquarters Security and Safety Services has received security planning documents and an updated threat assessment from the United Nations Office at Geneva; the review process will be concluded shortly. The revised Guidelines on Reporting Structure and Accountability for Offices away from Headquarters and the Regional Commissions, as developed by the Department of Safety and Security, are close to finalization and will address the issue of assignment of accountability.*

**Recommendation 7**

62. The Division of Administration of the United Nations Office at Geneva, to ensure the effective management and monitoring of its security strengthening projects, should, starting from the existing draft security plan, develop a comprehensive security strategy and final plan for each project. Target dates and cost estimates on infrastructure projects for the Geneva Office to become compliant with the Headquarters minimum operating security standards should be incorporated and monitored (AE2005/311/01/03).

63. *The United Nations Office at Geneva indicated that it had identified target dates and the respective cost estimates and that the aim of the security plan was to define the operational requirements for each project.* OIOS wishes to reiterate that,

in its opinion, time and cost elements should be included in the security plan, as they are decisive factors for the projects.

**Recommendation 8**

64. The Division of Administration of the United Nations Office at Geneva should present to the Committee on Contracts for its approval the revised cost for planning and supervision fees, which are now estimated at SWF 6.5 million ($5.1 million) against the approved level of SWF 5.9 million ($4.6 million) (AE2005/311/01/04).

65. *The United Nations Office at Geneva accepted this recommendation and indicated that once the tender process for door 30 had been completed, the Committee on Contracts would be advised of the changes to and the impact of the contract with the consortium.*

(*Signed*) Inga-Britt **Ahlenius**
Under-Secretary-General for Internal Oversight Services